NOTE

ONLY THE FOLLOWING PAGES OF THIS

PUBLICATION HAVE BEEN FILMED

Cov. 1, pgs. 3, 4, 102, 119

CC740-1A
3/8/88

February 1988/$7.00

Dealerscope Merchandising

The Marketing Magazine for Consumer Electronics and Major Appliance Retailing

SHOW IN PRINT

Didn't get to CES? Here's what you missed

The Main Event

Complete CES coverage:

- *Emphasis on profitability*
- *New prices, suppliers*
- *Ingenious telecom, home office products*

A/V Connection

High on Customer Service

Retail Tour de Force

Houston's Stunning Finger's

First Look

New Up/Downdraft Ranges, Low-Noise Dishwashers

Dealerscope Merchandising
MURRAY SLOVICK
Editor
NEIL SPANN
Executive Editor
CATHY CICCOLELLA
Senior Editor
MYRA MOORE
Associate Editor
CAROL L. MINTON
Associate Editor
BETH KAY
Assistant Editor
ELLIOT KING
West Coast Editor
FRANK MOORE
Art Director
HARISH ULLAL
Art Associate
JOSEPHINE KUKUKA
Advertising Production Manager
JEANNE SILVERMAN
Advertising Promotion Manager
NANCY ZIPPLER
Promotion Art Director
LEE EKELOF
Circulation Promotion Manager
PATRICIA NICHOLS
Reader Service
PHYLLIS B. PRITZ
Circulation Manager

MARTIN M. COHN
Publisher

SALES & MARKETING STAFF
BERNARD M. SCHNEYER,
President
410 Union Ave., Framingham, MA 01701
(617) 620-8770
East Coast Regl. Sales
LIZ BADOLATO
322 Eighth Ave., New York, NY 10001
(212) 620-7330
ANDREW J. MILLER
Associate Publisher
WILLIAM POWELL
Midwest Regl. Manager
201 E. Ogden Ave.
Suite 226
Hinsdale, IL 60521
(312) 325-9555
JOHN J. PELEGRINO
West Coast Regl. Manager
13101 Washington Blvd.,
Los Angeles, CA 90066
(213) 822-7584

Dealerscope Merchandising
is published monthly by
North American Publishing Co.

IRVIN J. BOROWSKY
Founder and Chairman
NED S. BOROWSKY
President
JOANNE PARKE
Vice President/Corporate Editorial Director
FRANK L. NEMEYER
Vice President/Sales
BRUCE W. SHANZER
Vice President, Treasurer
R. KENNETH BAXTER
Vice President/Manufacturing
ROBERT A. GIBBONS, SR.
Asst. VP/Manufacturing
JANICE WALKER
General Manager for Human Relations
RONALD CYLC
Corporate Circulation Director of Audits
NANCY FRICK
Corporate Promotion Director
TERY MORAN-LEVER
Director Special Projects
AARON L. BASFORD
Composition Director
MICHAEL SHERLOCK
Art Department Director
MADELINE SACERDOTE
Classified Production Manager
COLLEEN KOKOSKA
Director of Sales Development

Copyright © 1988 North American Publishing Co., Editorial and Publishing Offices, 401 N. Broad St., Philadelphia, PA 19108. Phone (215) 238-5300.

North American Publishing Company is a diversified publisher of Business and Professional Magazines.

Subscriptions, U.S. $65/year; Canada, US $84; other countries, US $132. Back issues and single copies, when available, mailed by publisher postage paid for $10. Postmaster: Send change of address form 3579 to DEALERSCOPE MERCHANDISING, 401 N. Broad St., Philadelphia, PA 19108. BPA

Birth of a New TV System

WE are on the threshold of improved quality television. In Europe, Japan and the United States, millions of dollars are being spent to create High Definition Television, a new broadcast/reception system for the 1990s.

HDTV sets would use a wide-aspect ratio picture, more like the shape of a movie screen. Some proposed HDTV systems would be compatible with current broadcast service. Others would require special HDTV channels that could not be received by existing television sets.

Why, after nearly 40 years of service, is the current NTSC color system seemingly on the way out? A simple answer is that it is time to take advantage of continuing advances in technology.

Were that the only reason, retailers would be well within their rights to say, in effect, "If it ain't broke, don't fix it."

But we are finding out it is broken. At least a little. As dealers know, TV screens are getting larger—31-inch and 35-inch direct-view sets now are commonplace and 45-inch and 50-inch projection TVs are growing in popularity.

As screen sizes increase, picture defects become more pronounced; scan lines become visible; and cross color, color crawl and hanging dots suddenly are visual annoyances to the average viewer. Moreover, the sale of Super VHS VCRs means your customer now has access to a videotape system capable of a more precise picture than most TV sets can deliver. It is a matter of time before the buying public demands a higher level of TV resolution.

Who benefits from HDTV? We all do. Consumers get a new television broadcast/reception system producing spectacular pictures. Retailers get TV sets better suited to showroom floor sales. Here's why: Today's 26-inch NTSC sets provide optimum images when viewed five or more picture heights (about 6 feet for a 26-inch TV) from the set. Unfortunately, few retailers can afford that much display room per set, and customers have a pesky habit of walking right up to the set to watch a demonstration. HDTV sets, as currently proposed, would be one-picture height TVs, meaning your customer could stand about one foot away from an equivalent 26-inch HDTV receiver and see a superb, annoyance-free picture.

High-performance video is the watchword of the future. TV-set manufacturers know this and, for once, are trying to anticipate consumer wishes and satisfy them, creating potentially huge product demand in the process. For all of us, watching HDTV take shape will make for an exciting two to three years.

February 1988
Volume 31, No. 2

Dealerscope Merchandising

Page 14

Page 41

Page 107

DEPARTMENTS
Periscope 3
Newswatch 8
Market Trends
Audio 47
Batteries 64
New Products
Video Software 54
Accessories 56
A/V Furniture 58
Telecom 60
Major Appliances 115
Marketing Tips 61
Ads That Work
Consumer Electronics 68
Major Appliances 118
Industry Perspectives 96
Statwatch/People
Consumer Electronics 102
Major Appliances 119
Calendar 120
Ad Index 121
Classified 122

WCES: Material for Success 14
Emphasis on profits, little razzle-dazzle

Romancing the Store 34
Can a Remodeling Boost Sales? Absolutely

Making Telemarketing Work for You 38
Part II: Outbound Call Management

The Personal Touch 41
Customer Attention Yields $1,600/sq. ft.

Friendly Competition 42
Dow and Mad Jack's square off in San Diego

HOME OFFICE RETAILING
Breakthrough Year for Personal Word Processors 49

ELECTRONICS MERCHANDISING 62

MAJOR APPLIANCE MARKETING
Home Builders Show Products 108
Choose Store Location Carefully 112

DEALERSCOPE MERCHANDISING (ISSN 0011-7218) is published monthly by North American Publishing Co., 401 N. Broad St., Philadelphia, PA 19108. Telephone (215) 238-5300. Copyright © 1988 by North American Publishing Co. All rights are strictly reserved, and reproduction in whole or in part is expressly prohibited without prior written permission. Subscriptions cost $48 per year in the U.S. In Canada, $72; other countries, $132. Back issues and single copies, when available, mailed by publisher postage paid for $10.

Second class postage paid at Philadelphia, PA and additional entry. Postmaster: Send change of address form 3579 to DEALERSCOPE MERCHANDISING, 401 N. Broad St., Philadelphia, PA 19108.

PEOPLE ON THE MOVE

Fujitsu Ten Corp. of America names **Phil Schwartz** national sales manager, hi-fi car-audio prod-

Schwartz

Newman

ucts. **Dan Newman** promoted to VP, sales and marketing. **Ralph Grossbart** appointed national sales manager, aftermarket car-radio products.

Thomas A. Gruber appointed senior VP, marketing at Blockbuster Entertainment Corp.

Sharp Electronics Corp.'s personal home office electronics division names **Paul Allan** assistant general manager.

Michael Rudich appointed marketing manager of Sony Video Software Co.

Rudich

Wildman

Richard Wildman named director of sales and marketing of the new business division at Brother International.

Lechmere Inc., Woburn names **Michael London**, **Jim Shea**, and **Rich Gentry** VPs.

Robert E. Dewar, formerly chairman of the executive and finance committees of K mart Corp., retired Jan. 31.

Dewar

Williams

Richard O. Williams, formerly central regional VP, retired Feb. 1.

Maxell Corp. of America's Consumer Audio/Video Division appoints **Bob Rath** midwest regional sales manager.

General Instrument adds **Michael Meltzer** to the VideoCipher Division as VP, sales and marketing.

Sony Video Software adds **Jeff Rabinovitz** as sales manager, music accounts. **Steve Brecker** joins as product manager.

James R. Powell named regional sales manager, New World Video.

Mitsubishi Electric Sales America Inc., Audio/Video Group appoints **Terry O'Flynn** executive VP.

O'Flynn

Suzuki

Richoh Corp. appoints **Akira Suzuki** president, system products business.

STAT WATCH

TOTAL U.S. MARKET STATISTICS
Sales to Retailers
November 1987 vs. November 1986
(In Units)

	November 1987	November 1986	Percent Change	Year-to-date 1986	Year-to-date 1985	Percent Change
TELEVISION						
Color	1,734,711	1,806,145	– 4.0	17,412,163	16,323,082	+ 6.7
Monochrome	374,993	396,783	– 5.5	3,265,841	3,529,739	– 7.5
TOTAL TV*	**2,109,704**	**2,202,928**	**– 4.2**	**20,678,004**	**19,852,821**	**+ 4.2**
Projection TV	26,779	35,219	– 24.0	261,942	277,726	– 5.7
Home VCR	1,162,193	1,287,618	– 9.7	11,828,406	11,535,412	+ 2.5
Camcorders**	183,480	146,729	+ 25.0	1,352,966	987,490	+ 37.0

Information contained in this release reflects total market statistics for products produced and/or sold in the United States regardless of the brand name or country of origin.

*Excludes projection television

**Included in Home VCR

****Source: Electronics Industries Association Consumer Electronics Group.

Circle 50 on Info Card ►

PEOPLE ON THE MOVE

Whirlpool Corp. names **Robert C. Dixon** director, refrigeration products. **Fred M. Turner** appointed director, kitchen products.

Whirlpool Kitchens Inc. names **Thomas D. Chapman** VP, contract sales division.

Fedders Air Conditioning USA Inc. adds three regional managers: **Thomas M. McNeill, Joseph Bulakowski** and **Eugene (Gene) BeHanna.**

Turner

McNeill

Bulakowski

BeHanna

Sharp Electronics Corp., appliance division appoints **Rich Gedman** midwest regional sales manager. **John Pogorelec** moved to operations manager.

STAT WATCH

MAJOR HOME APPLIANCE FACTORY SHIPMENTS THOUSANDS OF UNITS
(Domestic Plus Export)
November, 1987

	November 1987	November 1986	Percent Change	Calendar Year to Date 1987	Calendar Year to Date 1986	Percent Change
ALL MAJOR APPLIANCES*	**3,686.2**	**3,424.4**	**+ 7.4**	**44,095.2**	**41,463.1**	**+ 6.4**
COOKING — TOTAL	**1,480.4**	**1,391.7**	**+ 6.4**	**14,268.8**	**14,123.4**	**+ 1.0**
Electric Ranges — Total	284.8	277.8	+ 2.5	3,091.1	3,035.2	+ 1.8
Free Standing	224.2	226.7	– 1.1	2,484.6	2,493.1	– 0.3
Built-In	60.6	51.2	+18.4	606.5	542.1	+11.9
Microwave Ovens/Ranges**	1,210.4	1,128.9	+ 7.2	11,348.6	11,256.2	+ 0.8
HOME LAUNDRY — TOTAL	**860.6**	**759.7**	**+13.3**	**9,811.4**	**9,168.0**	**+ 7.0**
Automatic Washers	469.5	410.1	+14.5	5,544.5	5,279.9	+ 5.0
Dryers — Total	391.1	349.6	+11.9	4,266.9	3,888.2	+ 9.7
Electric	302.1	268.0	+12.7	3,310.2	3,032.0	+ 9.2
Gas	89.0	81.6	+ 9.1	956.7	856.2	+11.7
KITCHEN CLEAN UP — TOTAL	**675.9**	**691.3**	**– 2.2**	**8,013.5**	**7,686.7**	**+ 4.3**
Disposers•	324.8	346.8	– 6.3	4,112.4	3,931.0	+ 4.6
Dishwashers — Total	336.0	330.3	+ 1.7	3,700.8	3,580.7	+ 3.4
Built-In	307.3	303.1	+ 1.4	3,462.8	3,351.6	+ 3.3
Portable	28.8	27.2	+ 5.9	238.0	229.1	+ 3.9
Compactors•	15.1	14.2	+ 6.3	200.3	175.1	+14.4
FOOD PRESERVATION — TOTAL	**591.3**	**520.8**	**+13.5**	**7,676.6**	**7,225.9**	**+ 6.2**
Refrigerators	498.7	448.6	+11.2	6,502.6	6,076.1	+ 7.0
Freezers — Total	92.7	72.2	+28.4	1,174.0	1,149.8	+ 2.1
Chest	50.3	38.7	+30.0	642.7	619.5	+ 3.7
Upright	42.3	33.5	+26.3	531.3	530.4	+ 0.2
HOME COMFORT — TOTAL	**68.0**	**60.8**	**+11.8**	**4,328.0**	**3,259.0**	**+32.8**
Room Air Conditioners	61.8	56.5	+ 9.4	3,628.1	2,723.3	+33.2
Dehumidifiers•	6.2	4.3	+44.2	699.8	535.7	+30.6
GAS RANGES***	**191.8**	**173.0**	**+10.9**	**1,938.3**	**1,753.1**	**+10.6**

*Numbers do not add because of overlapping product categories.
**Includes U.S. produced and imported microwave ovens and combination microwave ovens/ranges.
***Source: GAMA. Not included in cooking total or total shipments.
****Source: AHAM (Assn. Home Appliance Manufacturers).
• Current month figures are preliminary.

NOTE

ONLY THE FOLLOWING PAGES OF THIS

PUBLICATION HAVE BEEN FILMED

Cov. 1, pgs. 4, 8, 14, 16,

18, 21, 23, 24, 152, 183

C6740-1A
3/16/88

DON FONTAINE CORY MEYER JIM RUBERTI JOHN SHIELDS JIM WEST DON PATRICAN BOB DELELLIS JOE BROWDER JOE GEARY

MARCH 1988 $7.00

Dealerscope Merchandising

The Marketing Magazine for Consumer Electronics and Major Appliance Retailing

STATI452EA2 DC S5 2
STATISTICAL REF INDEX
STE 800
4520 EAST WESET HWY MAR
BETHESDA MD DIR
20814

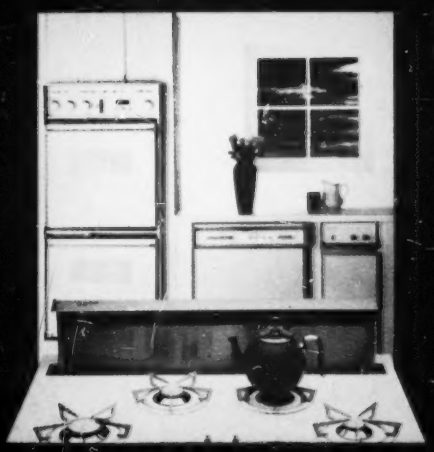
CD adds Graphics!
June introduction planned

66th Annual
Statistical & Marketing Report
PART 1: Consumer Electronics

San Diego's Video Library:
Management by the numbers

Battle in Boston
Highland, Fretter, Lechmere wage media war

Kitchen Bath Show:
Styling, technology share spotlight



Dealerscope Merchandising
MURRAY SLOVICK
Editor
NEIL SPANN
Executive Editor
CATHY CICCOLELLA
Senior Editor
MYRA MOORE
Associate Editor
CAROL L. MINTON
Associate Editor
BETH KAY
Assistant Editor
ELLIOT KING
West Coast Editor
FRANK MOORE
Art Director
HARISH ULLAL
Art Associate
JOSEPHINE KUKUKA
Advertising Production Manager
JEANNE SILVERMAN
Advertising Promotion Manager
NANCY ZIPPLER
Promotion Art Director
LEE EKELOF
Circulation Promotion Manager
PATRICIA NICHOLS
Reader Service
PHYLLIS B. PRITZ
Circulation Manager

MARTIN M. COHN
Publisher

SALES & MARKETING STAFF
BERNARD M. SCHNEYER,
President
410 Union Ave., Framingham, MA 01701
(617) 620-8770
East Coast Regl. Sales
LIZ BADOLATO
322 Eighth Ave., New York, NY 10001
(212) 620-7330
ANDREW J. MILLER
Associate Publisher
WILLIAM POWELL
Midwest Regl. Manager
201 E. Ogden Ave.
Suite 226
Hinsdale, IL 60521
(312) 325-9555
JOHN J. PELEGRINO
West Coast Regl. Manager
13101 Washington Blvd.,
Los Angeles, CA 90066
(213) 822-7584

Dealerscope Merchandising
is published monthly by
North American Publishing Co.

IRVIN J. BOROWSKY
Founder and Chairman
NED S. BOROWSKY
President
JOANNE PARKE
Vice President/Corporate Editorial Director
FRANK L. NEMEYER
Vice President/Sales
BRUCE W. SHANZER
Vice President, Treasurer
R. KENNETH BAXTER
Vice President/Manufacturing
ROBERT A. GIBBONS, SR.
Asst. VP/Manufacturing
JANICE WALKER
General Manager for Human Relations
RONALD CYLC
Corporate Circulation Director of Audits
NANCY FRICK
Corporate Promotion Director
TERY MORAN-LEVEE
Director Special Projects
AARON L. BASFORD
Composition Director
MICHAEL SHERLOCK
Art Department Director
MADELINE SACERDOTE
Classified Production Manager
COLLEEN KOKOSKA
Director of Sales Development

Copyright © 1988 North American Publishing Co., Editorial and Publishing Offices, 401 N. Broad St., Philadelphia, PA 19108. Phone (215) 238-5300.

North American Publishing Company is a diversified publisher of Business and Professional Magazines.

Subscriptions, U.S. $65/year; Canada, US $84; other countries, US $132. Back issues and single copies, when available, mailed by publisher postage paid for $10. Postmaster: Send change of address form 3579 to DEALERSCOPE MERCHANDISING, 401 N. Broad St., Philadelphia, PA 19108. BPA

A Logical, Gutsy Decision

JUST when you thought stubbornness reigned supreme as a consumer electronics industry characteristic, Sony went and did something wonderful to demonstrate otherwise.

The company swallowed its pride and added VHS format VCRs to its Beta VCR lineup. From a marketing perspective, Sony's move was not surprising. Like a poker player with a steadily diminishing stack of chips, Sony couldn't afford not to bet on VHS. The VHS format holds a 95-percent share of the worldwide market. Sony will sell fewer than 150,000 Beta VCRs in the United States this year, and VCR sales growth overall dropped from 32 percent in 1985 to 3.5 percent last year.

To be sure, Sony has not dropped out of the Beta business. Recently, the company added to its 1988 lineup an entry-level SuperBeta deck (at $400) and a Beta Hi-Fi model (at $600). Sony, then, is spreading its bets among all the market niches—VHS in low- to mid-range price, Beta in mid- to high-end, and 8mm for camcorders and portable VCR products.

The great mistake in judging Sony's decision to add VHS decks would be to conclude that it was a simple marketing move dictated by logic. It was more. Adding VHS was a big step for Sony, who invented Beta 15 years ago and fought a bloody, unsuccessful battle to make it a worldwide standard. Sony's decision to sell VHS VCRs is equivalent to Ford Motor Co. deciding to sell Chevys, or Pepsi deciding to bottle Coke. It took an act of great courage to forget about rivalries and make the correct business move.

The advice here is that dealers and manufacturers should show similar courage. They should recognize that profit—money in the bank—is better than additional market share. It is even better than sales volume increases obtained by aggressive retail expansion.

Look, guys, it's third down with big yardage to go. To keep your business in the game, you'll have to do something out of the ordinary. At retail, it may be to pass through price increases to consumers (why do retail store price increases come along about as often as Halley's Comet?).

Add it all up and the bottom line says that the time for rational pricing practices has arrived.

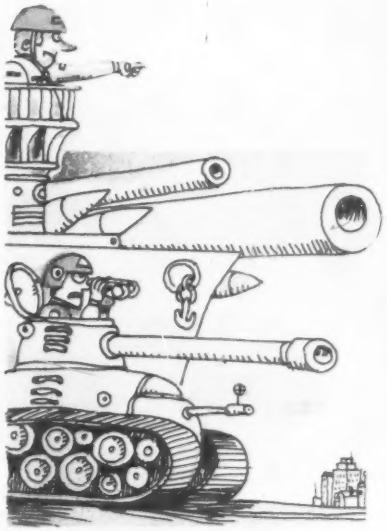
Murray Slovick

DEALERSCOPE MERCHANDISING (ISSN 0011-7218) is published monthly by North American Publishing Co., 401 N. Broad St., Philadelphia, PA 19108. Telephone (215) 238-5300. Copyright © 1988 by North American Publishing Co. All rights are strictly reserved, and reproduction in whole or in part is expressly prohibited without prior written permission. Subscriptions cost $48 per year in the U.S. In Canada, $72; other countries, $132. Back issues and single copies, when available, mailed by publisher postage paid for $10.

Second class postage paid at Philadelphia, PA and additional entry. Postmaster: Send change of address form 3579 to DEALERSCOPE MERCHANDISING, 401 N. Broad St., Philadelphia, PA 19108.

March 1988
Volume 30 No. 3

Dealerscope Merchandising



Page 27

Page 37

Page 153

DEPARTMENTS

Periscope 4
Newswatch 10
Market Trends
Blank Tape 49
Mobile Electronics 144
Telecom 150
Microwave 178
New Products
VCRs 142
Statwatch/People
Consumer Electronics 152
Major Appliances 183
Marketing Tips 139
Ads That Work 143
Ad Index 186
Classified 185

Cover Honor Gallery
Don Fontaine, page 174
Cory Meyer, page 174
Jim Ruberti, page 173
John Shields, page 153
Jim West, page 173
Don Patrican, page 49
Bob DeLellis, page 12
Joe Browder, page 173
Joe Geary, page 174

66th Annual Statistical Report 14
Electronics tables and marketing data

Battle in Boston 27
War heats up between retailers

Telemarketing 33
Part Three: Implementing the program

Video Library 37
Emphasizing return on investment

Service Warranties 40
Do your homework before signing up

Super CD 45
Audio plus graphics equals Super CD

Electronics Merchandising 141

Home Office Retailing 149

NARDA/NASD 153
Convention & Expo '88

Major Appliance Merchandising Range Roundtable 175
Industry representatives share outlooks

Kitchen/Bath Show 180
Preview of industry show